

STATE OF MICHIGAN  
**FAMILY INDEPENDENCE AGENCY**

MEMORANDUM

To: Kathie McDonald and Sandra Traylor  
Summer Project Directors

December 13, 2000

From: Rita Barker, Director  
Office of Internal Audit

Subject: Summary of Audit of Selected Summer Project Sites  
Assignment #2000-329

The Office of Internal Audit performed a limited scope audit of a sample of 5 sites who participated in the FIA Summer Project. The sites included in our sample were Michigan Neighborhood Partnership, Careerworks, Jackson Public Schools, Muskegon Area Intermediate School District, and Calhoun County FIA. Our audits were completed during the period August 15 through November 13, 2000.

At each of the selected sites we reviewed the costs charged to the Summer Project to ensure that they were supported by the entity's accounting records and invoices or other appropriate documentation, and that the costs charged were consistent with the plans the entity submitted to FIA for their project.

A summary of our findings at each of the 5 locations follows.

**Michigan Neighborhood Partnership**

Michigan Neighborhood Partnership billed for the following questionable costs:

Accounting Fees	\$ 9,700
Car Rental	2,731
Facility Rental – non Arms Length	6,500

In addition, there were four church sites who participated in the Summer Project who did not forward the documentation for costs they billed to the program to Michigan Neighborhood Partnership. Therefore, we did not review costs for those four sites.

**Career Works**

Career Works billed the Summer Project for the following questionable costs:

Accounting and Legal Fees	\$ 3,553
Lesson Plan Curriculums	150,250
Shopping Spree	19,450
Furniture Rental	10,000
Chairs and Tables	2,137
Office Equipment	3,600
Renovations at Child Care Facility	2,201
Lease of Computers	24,000

Child Care Furniture	4,838
Playground Equipment	1,955
Furniture and Toys	32,455
Lease/Purchase of Computers and Printers	40,827
Office Furniture Lease	40,108

In addition, there were rent payments to the 10 church sites used for the Summer Project. There were no written lease agreements with the church sites; all were verbal agreements.

### **Jackson Public Schools**

Jackson Public Schools (JPS) had no questionable costs at the time of our review. The only issues that came to our attention were regarding the day care services. JPS' contracts with the day care providers required the providers to keep open a number of slots for Summer Project participants, and required JPS to pay for those slots. Since participation was less than anticipated, JPS may have had to pay a large amount for a limited amount of service. Also, the contract stated that the day care vendors would provide enhanced services to FIA Summer Project participants. The vendors had not provided JPS with documentation as to what the enhanced services were and whether they were actually provided.

At the time of our review, JPS had not yet paid the invoices from the day care providers for enhanced services. They were holding them, awaiting additional information on services provided.

### **Muskegon Area Intermediate School District**

Muskegon Area Intermediate School District (MAISD) had three vendors who provided the services for the Summer Project. One of those vendors, Muskegon Heights Public Schools billed \$119,250.00 for which there was no backup documentation. Their billing showed 159 participants at \$3,000 x .25. There was no documentation for how this figure was computed. MAISD had an amendment to their original contract that stated in part: "the Grantee shall not expend in excess of an average of \$3000 per person served..." It appears that the \$119,250 charge to the Summer Project may have been based on this language, and not on actual costs incurred.

Muskegon Heights Public Schools also purchased ten 13" TV's for a total of \$4,760 (\$476 each) and 40 microwaves for a total of \$3,900.

MAISD had intended to purchase computers for each participant who had perfect or near perfect attendance. We informed them that this was not allowable under the Summer Project.

### **Calhoun County FIA**

There were no significant questionable costs in the Calhoun County FIA Summer Project. There were several outings that were paid for with Project funds, purchases of swimwear and other summer clothing for the outings, and purchase of 75 family memberships to the YMCA for the duration of the Program. The YMCA was the site of the Summer Program in Calhoun County.